



Telenor enters Myanmar

Analyst and press conference, 10 February 2014



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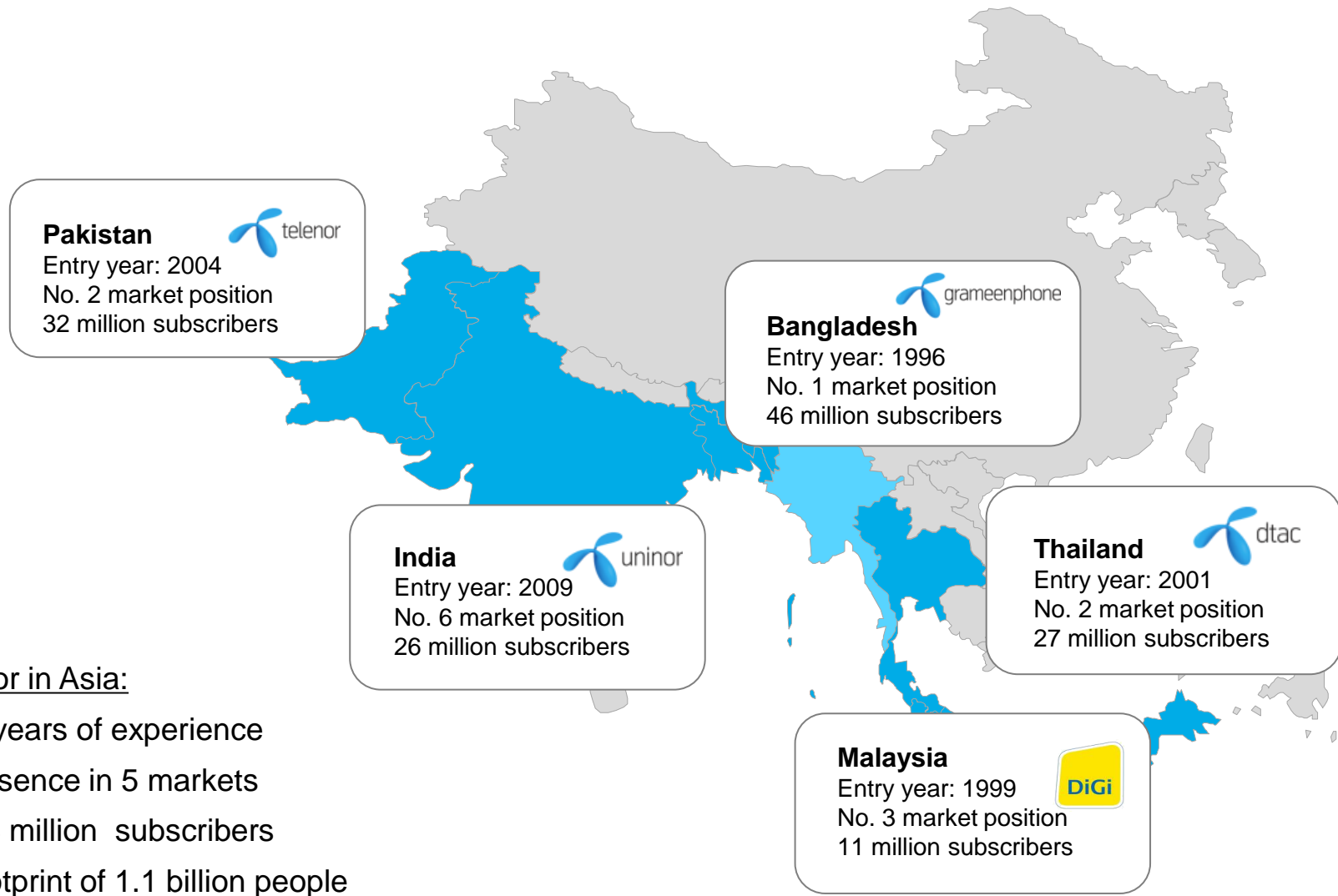
Myanmar – an opportunity for Telenor

Jon Fredrik Baksaas

CEO, Telenor Group



A strong regional provider of telecom services in Asia



Telenor in Asia:

- 18 years of experience
- Presence in 5 markets
- 143 million subscribers
- Footprint of 1.1 billion people

*Subscriber numbers as of 30 September 2013.
Market position and footprint in 6 circles in India*

Building a digital future



Myanmar – a unique opportunity for Telenor

- One of the very last greenfields in the world – in a core Telenor region
- Leverage on greenfield and rollout know-how
- Operational experience from similar Asian cultures



The world's toughest licence competition



Final licence awarded in February 2014

- Nationwide telecommunications licence
 - 900 MHz and 2100 MHz spectrum
 - Technology neutral spectrum
 - 15 years licence duration + renewable for another 15 years
- Peak funding of USD 1 billion, of which licence fee of USD 500 million
- 100% owned subsidiary of Telenor Group



Addressing sustainability risks and uncertainties

Institutional
capacity in
development

Legal framework

Corruption

Land issues

Health and safety


Conflict areas

Aiming for a market leader position

Mass market approach

Distribution capability

Low cost operations



The Myanmar business case

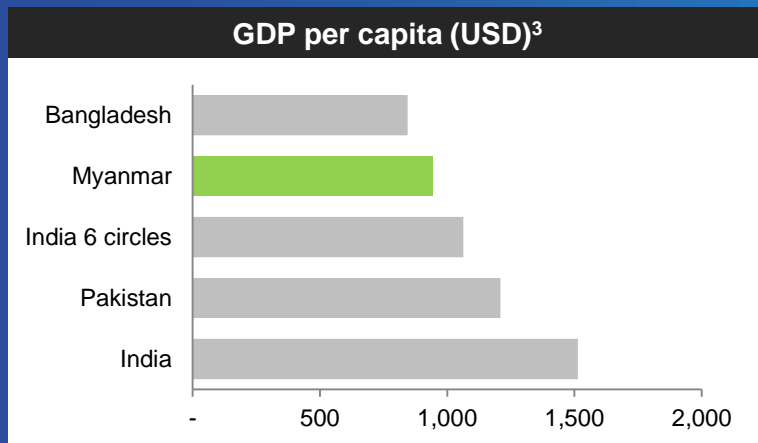
Petter Furberg

CEO, Telenor Myanmar



Myanmar – a country in transition

- Geographic area: 676,578 km¹
- Population: ~ 60 million²
- 45% of population under 25 years²
- 65% of population living in rural areas³
- Rich on natural resources



1) Source: CIA World factbook. 2) Significant variation in estimates, as the last census was performed in 1983. A new census is scheduled for 2014. 3):Sources: IHS Global Insight, TRAI



75% of population has no electricity

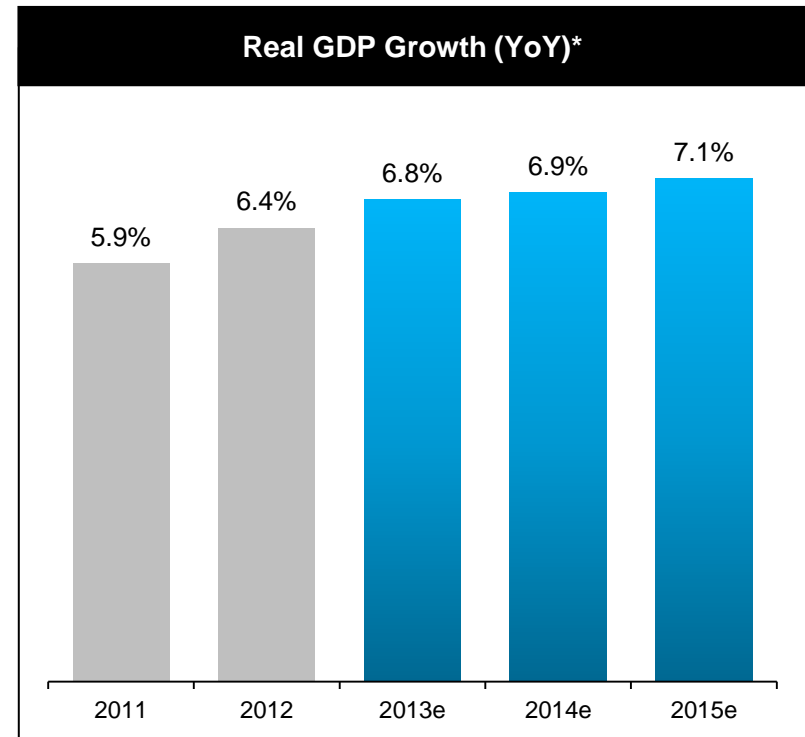
Poor connectivity beyond top **20 cities**

50% of roads not accessible during monsoon

Massive need for infrastructure development

Economic and political reforms expected to drive growth

- Sanctions have been eased or lifted
- Government encouraging international investments
- Restructuring and reforming banking sector
- Political reforms moving towards new elections in 2015



*) Source: IMF World Economic Outlook 2013

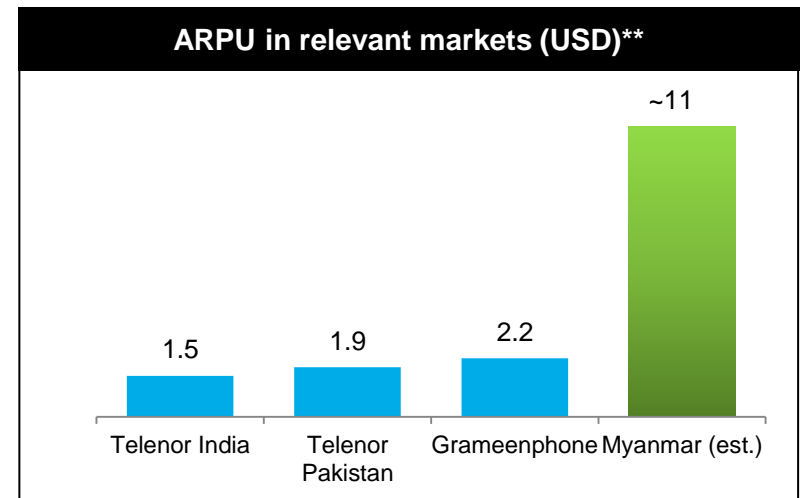
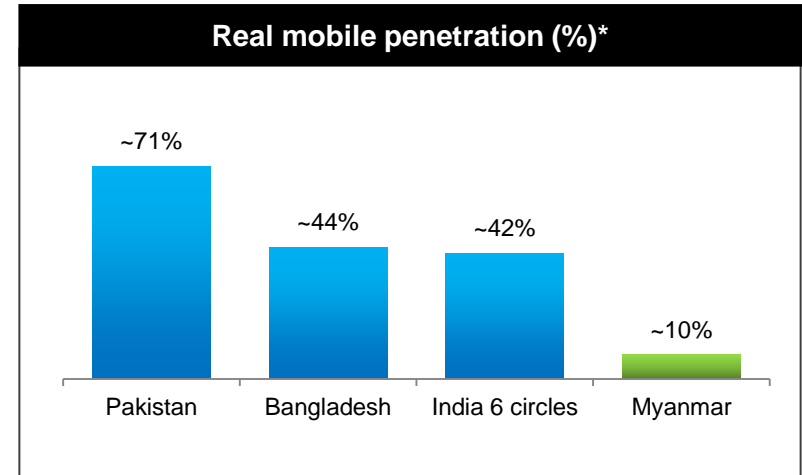
An underserved mobile market

Real mobile penetration currently ~10%

- Limited availability of SIM cards
- Very high prices have slowed down market growth
- Coverage limited by lack of capital

A four-player market evolving

- Incumbent state-owned operator MPT
- Telenor and Ooredoo new entrants
- A fourth licence is expected to be awarded over the coming months



*) Source: Telenor estimates.

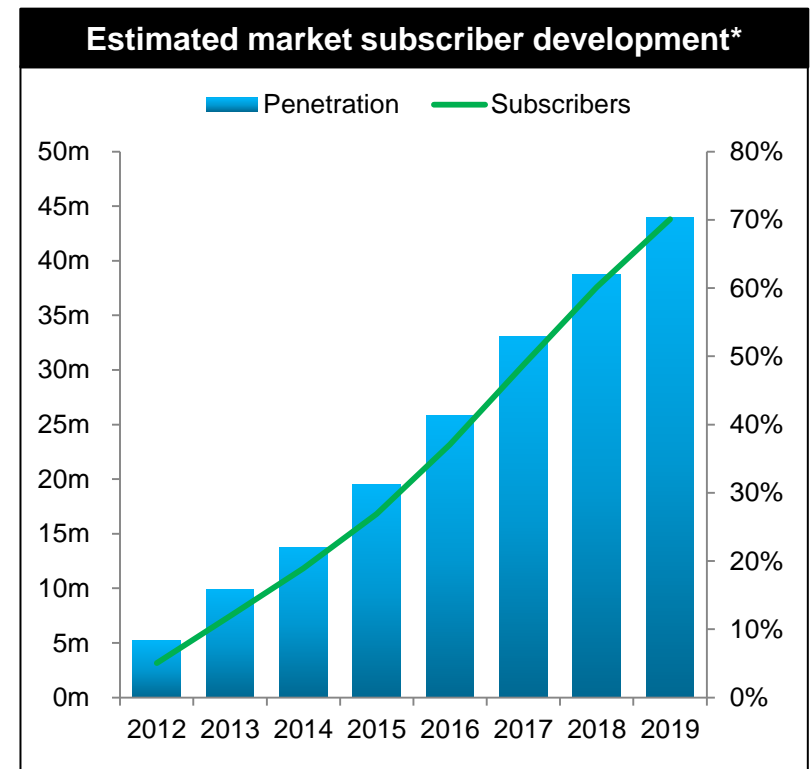
**) ARPUs in relevant Telenor markets as of 30 September 2013.

Development on regulatory framework based on international best practice

- Licence award and negotiation process supported by **international consultants**
- Development of law and rules supported by the **World Bank**
- New **telecom law** finalised in October 2013
- **Rules and regulations** finalised with public hearing in December, now awaiting Attorney General review
- **Cost based interconnect rates**, with negotiations starting now
- Myanmar Investment Commission **approval for 100% foreign company**

Mobile market expected to grow rapidly next 5 years

- Removal of factors inhibiting development
 - More affordable services
 - Reduced handset prices
 - Increased competition
 - Increased coverage and distribution
- Affluence and affordability increasing with economic growth
- Data services representing a significant upside opportunity



*) Source: Analysys Mason. Average numbers.

Aiming for a market leader position

Mass market approach

Distribution capability

Low cost operations

Service launch within 8 months

- Simplified product offering with high distribution availability
- Affordable 2G and 3G voice and data services
- Additional services to be launched



- Handset prices continuing to fall:
 - Feature phones from USD 10
 - Smartphones from USD 35



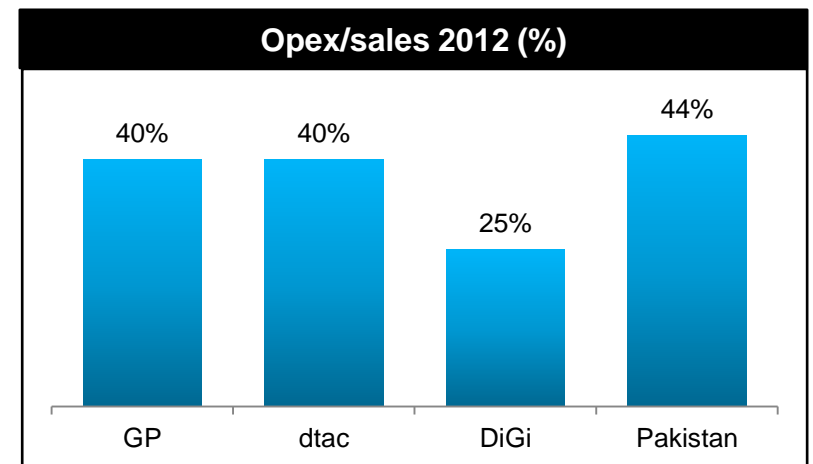
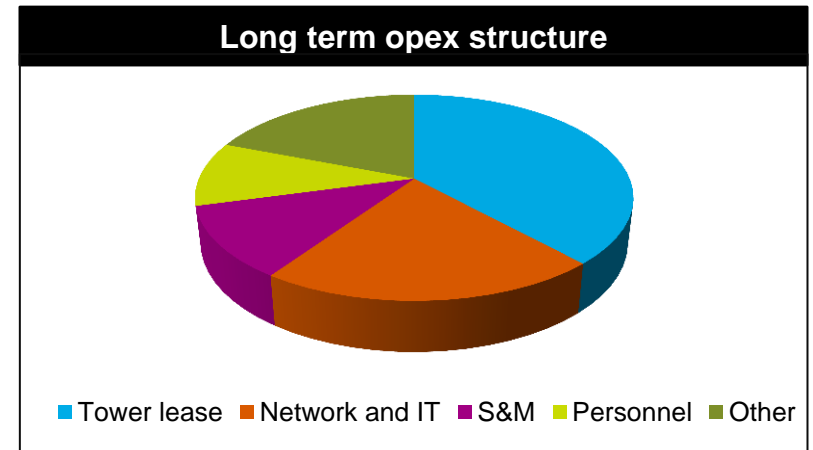
Distribution through direct contact with point of sales

- 25,000 points of sales at service launch
- Within five years:
 - 100,000 top-up outlets, of which...
 - ...70,000 points of sales for SIM card
- Single layer distribution
 - Proven Telenor Asia model
 - Direct relationship with retail
 - Sales Tracking System (STS)
- Agreements with 40+ distribution partners



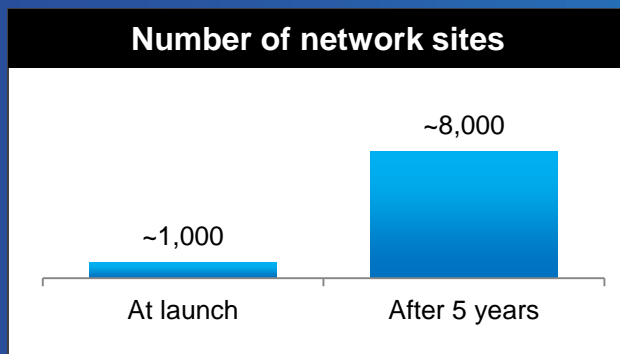
Low cost operating model with high degree of outsourcing

- Core competence within sales and distribution
- Outsourcing as much as possible of other functions
 - IT (Wipro) – reuse from Uninor
 - Towers incl. energy - provided by tower companies
 - Managed services
 - Call centre
- Capex light model
- Long term opex/sales in line with other Asian operations



Network rollout based on passive sharing

- Agreements with tower companies
 - Apollo and JV Viom/Golden
- Ericsson and Huawei equipment
- 90% coverage within 5 years
- Rollout will begin with both 2G and 3G
 - 2G and 3G in urban areas
 - 2G with EDGE in rural areas
- Backhaul combining fibre and microwave



Lean organisation structure reflecting strategy

- Management team with broad Asian experience
- 200 employees already on-boarded
- Long term:
 - Max. 1,000 directly employed
 - 2,000 indirectly employed incl. outsourcing partners
- Development of local talents

Telenor ၏ ဝန်ထမ်းခေါ်ယူမှု တတိယအဆင့်အတွက် အတွေ့အကြုံမရှိသူများကို ဦးစားပေးမည်

စင်စတင်

Telenor Myanmar ဝန်ထမ်းခေါ်ယူမှု ဝန်ထမ်းဆောင်မှုအဆင့်မြှင့်တင်ရေးအတွက် အထူးအားပေးမှုများ ပြုလုပ်ခဲ့ကြောင်း သိရသည်။

Telenor Myanmar သည် ယခုနှစ်မကုန်မီ ဝန်ထမ်း ၁၀၀ ခန့်ထားနိုင်ရန် စီစဉ်ဆောင်ရွက်လျက်ရှိပြီး လက်ရှိတွင် စီမံခန့်ခွဲမှု၊ လူ့အရင်းအမြစ်ဖွံ့ဖြိုးမှု၊ စာရင်းအင်း စသည့် ဌာနများ၌ ဝန်ထမ်း ၈၀ နီးပါး ခန့်အပ်ထားပြီးဖြစ်သည်။

ပြည်တွင်း၌ ဝန်ထမ်းစုပေါင်း ၃,၀၀၀ ခန့်ထား၍ လုပ်ငန်းများ ဆောင်ရွက်သွားမည်ဖြစ်ရာ ၂၀၁၄ ခုနှစ်အကုန်တွင် Telenor Myanmar က ဝန်ထမ်း ၁,၀၀၀ တိုးတက်ခန့်အပ်သွားမည်ဖြစ်ပြီး ပြည်တွင်းအများဆုံး မိတ်ဖက်များ Vendor များမှတစ်ဆင့် ဝန်ထမ်းခြံမြှင့် အလုပ်အကိုင် ဖန်တီးပေးမည်ဖြစ်ကြောင်း သိရသည်။

ဤသို့သည့် နှိုင်းဘာလ ၃၀ ရက်နှင့် နှိုင်းဘာလ ၁ ရက်တို့တွင် ပြုလုပ်ခဲ့သည့် Ooredoo Myanmar ၏ အလုပ်အကိုင်အဖွဲ့အလမ်းပြပွဲတွင်လည်း ပြိုင်ကူးပေးသည့် လာရောက်ပြိုင်ကူး ဝန်ထမ်းများ ဖြစ်လာမည်ဖြစ်ကြောင်း သိရသည်။

အလုပ်လျှောက်လွှာ ၃၀၀၀ စာတွင် ဝန်ထမ်းခေါ်ယူခြင်းကို ဩဂုတ်လနှင့် စက်တင်ဘာလတို့တွင် ဆောင်ရွက်ခဲ့ကာ ခုတ်ယူဆောင်ရွက်မှုအတွက် ဝန်ထမ်းများအား ယှဉ်ပြိုင်ကြောင်း သိရသည်။

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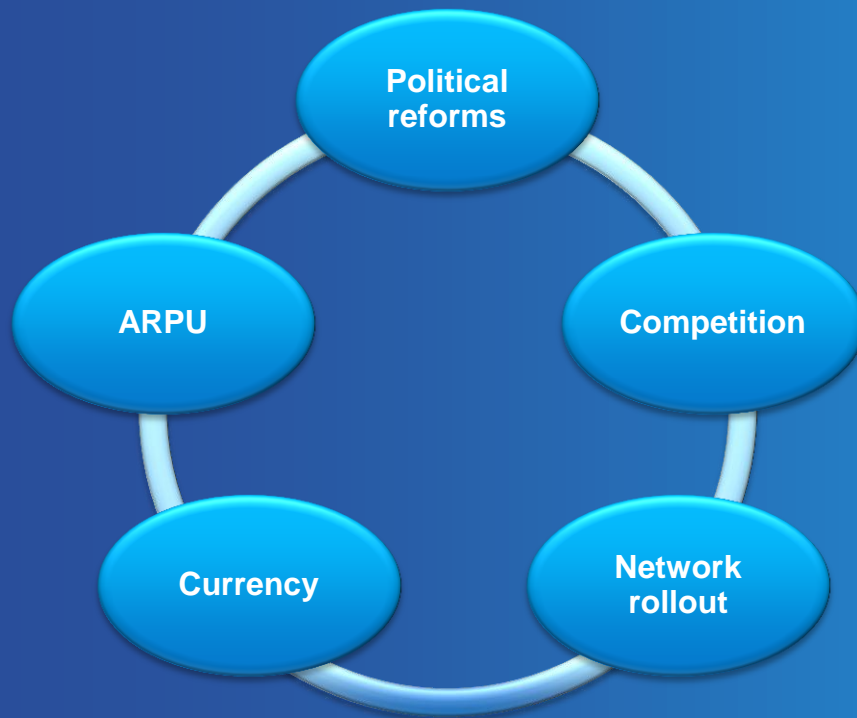
Financial ambitions

- EBITDA breakeven three years after licence award
- Capex-light operating model due to tower sharing and outsourcing
- Peak funding of around USD 1 billion including licence payment
- Long term operating cash flow margin of around 30%



* Operating cash flow defined as EBITDA before other items less capex, excluding spectrum fees. 1 MMK ~ 0.001 USD

Key risks and uncertainties for the business case



- Network rollout risks:
 - Licencing of new tower companies
 - Building permits and access to land
- Performance bond of USD 200m related to network coverage and quality

Summary

- Myanmar – a unique opportunity in a core Telenor region
- Leverage on Telenor experience and reuse of concepts
- Strategy based on mass market approach and low cost operations
- A solid business case with limited financial exposure



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သမီးပိုင်ဆိုင်ဖက်ဖျား၊ ထွက်ရည်၊ ဝေဟိမိ၊ နှားနီ၊ အနံ့စိမ်းရည်၊ ငြိမ်းရည်၊ ယမင်းရည်၊ မုန့်ဟင်းခါး၊ ဝေဟိမိသမီး



Thank you





Q&A

